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# West Europe Report

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28 March 1984

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## BRIEFS

INTERCEPTION OF CRUISE MISSILES--London (TT, Reuters)--"Sweden will regard any cruise missile flying into Swedish airspace as a violation of our neutrality just as much as though a foreign army had marched into our territory." That is what the British newspaper THE OBSERVER was told on Sunday by Vice Adm Bror Stefenson, head of the Swedish Defense Staff. Bror Stefenson also told the newspaper that Sweden is currently modifying its U.S.-made mobile radar equipment so that it can identify cruise missiles. "There is no doubt that we will shoot down the cruise missiles," Stefenson told THE OBSERVER, and he added that doing so would not cause a nuclear explosion because the missiles are "safe."

[Text] [Stockholm DAGENS NYHETER in Swedish 6 Feb 84 p 8] 11798

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SIMONE VEIL ON PACIFISM, EUROPEAN DEFENSE, EEC

Paris LE FIGARO MAGAZINE in French 28 Jan 84 pp 54-58

["Full text" of speech by Simone Veil, former president of the European Parliament to the Club FIGARO MAGAZINE at the Bristol Hotel in Paris on Tuesday, 24 January 1984, followed by a question and answer period]

[Text] On Tuesday, Simone Veil was the guest at the debate luncheon of the Club FIGARO MAGAZINE, in the dining room of the Bristol Hotel. Before 100 personalities from the political, economic and financial world and in the absence of the press (only reporters from FIGARO MAGAZINE report on these luncheons), the former president of the European Parliament, who is expected to head the single opposition list at the elections of 17 June, defined her conception of Europe and particularly denounced the dangers of pacifism. Following is the full text of Simone Veil's address.

Pacifism is the corollary, and undoubtedly an inevitable one, of political and military tensions. Thus it has been developing for about 10 years, as detente in the East-West relationship gave way to increasing tension, marked by the invasion of Afghanistan, the deployment of SS-20's, and the decision to deploy the Pershings.

This being the case, pacifism expresses itself through movements and sensitivities varying from country to country, which explains the more or less broad scope of success of these movements and the significance one should attach to them.

In Belgium, in the Netherlands, in Denmark, the traditional principles of neutrality remain vigorous. It is not surprising that some people are tempted to return to them. However, attachment to Atlantic solidarity is not called into question again, nor is membership in NATO.

However, Denmark, which is considerate of its public opinion, has taken care not to have American bases on its territory, and its moderate government has turned down NATO's request for participation in the costs of deployment of the Euromissiles.

The situation in Great Britain is slightly different: indeed, there has always been a pacifist tradition, of religious and individualistic origin, among the British. Furthermore, the liberals, who have been away from the responsibilities of power for half a century, strongly support the movement, undoubtedly out of originality and individualism. On the other hand, their new partners in the alliance, David Owen's social democrats, support the government on this point. However, one should not forget that it was the Laborite Callaghan who, in 1979, accepted the principle of the deployment of Pershings in his country. As a matter of fact, having succeeded Michael Foot, the new leader of the Labor Party, Mr Neal Kinnock, has taken much more qualified positions than his predecessor in terms of unilateral nuclear disarmament.

In the FRG, it seems to me, there are four important points to stress:

- the division of Germany and, in the collective subconscious, a certain rejection of everything which could worsen this division;
- the loss of identity, resulting from the special status of the FRG in matters of nuclear arms and of dependence in this area on American decisions;
- the reaction of the young generations to the military past of Germany.

They do not want to be accused in turn of having accepted the chain of remilitarization, of violence and of war. To reject nuclear arms symbolically represents the attitude their parents or grandparents should have taken with regard to Nazism;

- the very important role played by the Evangelical Church.

These complex elements fit within the framework of a search for consensus which suits the character of the German people. Today, consensus is found in non-violence, the rejection of war, as it used to be found in the exaltation of greater Germany. As Frenchmen, we are not always aware of a certain form of German romanticism and of the existence of a cultural unity deeply felt as a necessity. The Luther year was an exemplary manifestation of this.

I am not going to say much about France. You know its very specific situation, probably due to two specific phenomena: the autonomy of our defense, strengthened by our deterrent power, and the major role of the Communist Party in the peace movements, which provides them with reliable troops but at the same time arouses the distrust of those who could be more sincere pacifists.

We can already measure the consequences of this rise of pacifism:

- first, with the disruption of the political coalitions in the FRG. Indeed, one may wonder whether the reversal of the position of the SPD [Social Democratic Party of Germany] in this area was not as determining a factor in the change of alliance as the economic issues mentioned;
- the paradox of the French situation with the presence of communists in the government, while President Mitterrand's positions make it possible to maintain good relations between Paris and Bonn, at a difficult moment for the EEC. How far can this contradiction go?
- the risk of weakening the West in the disarmament negotiations is real, whereas no demonstrations are allowed in the East;
- the repercussions in the United States of the European pacifist demonstrations, the significance of which is magnified even more, may serve as a pretext for their military disengagement from Europe, especially during an election period.



And yet, everything is not negative. Henceforth, the deployment of the Pershings is an established fact. It is a victory for the Westerners, a defeat for the Soviets. Moreover, it allows one to measure the scope of pacifism and to ask questions about its precise range. Is it a total neutralism? A rejection of nuclear arms? A recalling into question of NATO? Or primarily a problem of identity and of national sovereignty?

When denouncing pacifism and its dangers, it must also be noted -- as a conservative British representative to the European Parliament recently did on the occasion of a meeting with members of the American Congress -- that in Europe, for a year now, elections have been won by those who have taken firm positions concerning the Alliance (FRG, Great Britain, Denmark). As a matter of fact, this majority opinion was clearly expressed at the European Parliament by the vote on a resolution concerning the deployment of Pershings: 170 voted in favor, 108 against; 26 representatives, the Italian and French socialists, abstained.

Finally, the major merit of the awareness of a situation which, in getting worse, threatened to produce the collapse of opinions in Europe and a serious deterioration of our relations with the United States, is the emergence or even the virtually unanimous recognition of the need for a European defense and for the consolidation of European unification.

These questions will be at the heart of next June's elections. And not only in France. Hence, there are many questions. First of all, the question of the distribution of authority between the EEC and the Western European Union. And yet, it has already been acknowledged that the European Parliament, by means of supervision of political cooperation, discusses security problems to the extent that the Council itself raises them, in accordance with the declaration of the European Council meeting of Stuttgart. Similarly, the organization of debates on the industrial arms policy no longer arouses the same controversies over principles as in 1979.

How can we progress? Slowly and progressively. The absence of a political Europe constitutes a handicap in this area, even if some people believe that the organization of a European defense constitutes the leaven for this political Europe. And yet, some dossiers could and should already show progress. We must create, parallel to NATO, European cooperation in matters of defense in order to restore the credibility of the first use of nuclear weapons for the defense of Europe, by the British and French forces. We must save our arms industries in the face of the American-Japanese challenge in the field of technology. To this effect, nuclear coordination with Great Britain at the level of the modernization and localization of the forces is necessary. As well as complementarity and specialization for the planning of the armed forces and of their arms industries.

In the background of all these questions, it is our survival in the fullest sense of the word which is at stake. But we will progress only if we tackle the problem of Germany, not in terms of division or reunification, but by responding to its aspirations for integration within the EEC, thus returning to it the identity it is looking for.

It is today that a decisive step should be taken on the road to unification, which is the answer to our economic difficulties but even more so, to the anxieties of the European citizens. These citizens feel the need for Europe to affirm, in an autonomous and voluntary manner, its attachment to its freedoms, its security and its own values.

#### Franco-German Bomb

[Question] Following this address, Mrs Veil responded to questions from the guests. She first commented on the possibility of creating a Franco-German bomb.

[Answer] I must admit that I feel unable to answer this question with a yes or a no. It involves a particularly delicate problem about which I feel that I am not sufficiently informed, specifically concerning the technical and strategic aspects. One should remember that access by the FRG to the nuclear field would raise a serious problem with regard to the Soviet Union, because of the treaty on the non-nuclearization of Germany. To go against this agreement would be a serious decision. Such a responsibility could be taken on only together by the Europeans and the Americans and only after careful thought. As a matter of fact, this measure would have to be accompanied by the implementation of a new plan in strategic matters, completely different from the one currently in existence. Having said this, we cannot leave Germany without responding to its current worries. Whether access to the nuclear field is granted to the FRG or rejected, it should be given all possible guarantees in terms of its security and its identity. As a matter of fact, all of us feel that the United States is no longer as committed to Europe and that it is sometimes tempted to look toward the Pacific, if only in reaction to the rise of pacifist movements in Europe, which may confirm the idea held by some Americans that they have become undesirable on this side of the Atlantic. Hence, it is up to us to reassure the Germans. We must be conscious of our responsibilities in this matter: either we integrate them fully in a European defense, including nuclear arms, but, I repeat, we can make a decision on this only after careful thought; or we -- specifically the British and the French -- give them guarantees to supplement those the Americans may give them.

#### European Institutions

[Question] Next, Simone Veil referred to the Spinelli report, which was drawn up by one of the European Parliament committees and which aims at amending the Treaty of Rome in terms of the European institutions.

[Answer] Originally, the ambition of the authors was to draw up a draft for a new federalist inspired treaty which would have seriously modified the currently existing balance among the various institutions of the Community. However, the report which will be presented in a final reading before the European Parliament in February, following numerous debates, no longer reflects such ambitions. It is limited to improving the functioning of the current institutions, by strengthening the prerogatives of the Commission and establishing certain powers of the Parliament, specifically in the legislative area.

Consequently, it does not modify the institutional structure we are familiar with very much, the structure in which the Brussels Commission and the European Parliament are bodies, community oriented and with a supranational character, but in which the Council, a real decision making organ, remains intergovernmental. Consequently, in its present form the Spinelli report does not foresee the profound changes in the institutional balances which some people are hoping for. However, it reflects more a political desire to pursue unification than a project that would drastically change the current community. As a matter of fact, it contains clauses anticipating the implementation of a procedure allowing the national parliaments to be associated in the discussion, in order to look for ways to bring the proposals definitively enacted by the European Parliament to a successful conclusion.

Personally, like the majority of the members of that assembly, I will vote in favor of that report, which essentially constitutes a commitment for the future specifying our hope for a stronger union. Currently, any modification of the treaties results from the exclusive desire of the governments. The empirical approach used thus far is probably more likely to succeed than the parliamentary path.

However, it is advisable to spur the governments on. The European Parliament owes it to itself to stimulate both public opinion, specifically on the occasion of the European elections, and the governments by encouraging them to progress on the road to unification, as they committed themselves to do in Stuttgart.

France and Europe

[Question] But couldn't France's weakness easily undermine the future of Europe?

[Answer] What is likely to undermine the future of Europe is certain positions taken by the French government or, at the very least, the very serious uncertainties which have appeared within the formations which support the French government coalition, concerning the very principles of the Community.

Thus, when we hear Mr Marchais or Mr Krasucki openly state that we should abandon the restructuring in order to avoid unemployment, orient the economy essentially toward French production and reserve the domestic market for it, we can only observe that this represents a state of mind and an economic conception which are totally contrary to the principles which governed the setting up of the Community.

As a matter of fact, one has only to read a few lines from the latest book by Mr Max Gallo, the government spokesman, as they have been reported in the press, to join him in observing that there is a complete contradiction between the ideas of the Communist Party and the basic principles of the European Economic Community.

Hence it is very difficult to know what the government wants in the matter. For nearly 2 years it gave the feeling that it was ready to take the road advocated both by the communists and by a fraction of the Socialist Party.

Indeed it is advisable not to forget that CERES [Center for Socialist Studies, Research and Education] and others are developing positions in this area which are very close to those of the Communist Party. However, if one refers specifically to the decision not to leave the European Monetary System and to the efforts of adaptation made in order to remain on the community path, it would seem that the government has chosen Europe.

In spite of everything one may wonder whether this choice will be final or whether certain budgetary and monetary constraints will not lead the government to revise its doctrine once again. Only the future will tell, but it is certain that these ambiguities and course changes constitute a sizable difficulty for the very credibility of France within the Community.

For the moment, the line which has been followed appears to have reassured our partners, but it is undeniable that a few months ago our partners were wondering about the future of France within the EEC.

Our own difficulties do not represent only inconveniences for our partners: thus the Germans derive benefits from them from the point of view of their own industrial possibilities. In a totally different area, it must be recognized that the positions taken by President Mitterrand in Bonn on the issues of defense and of the deployment of missiles constituted a strong support for Chancellor Kohl during the electoral campaign in the FRG. During the negotiations which will take place under the chairmanship of France, Chancellor Kohl will undoubtedly give his support to France because its help is very useful to him. As a matter of fact, both countries need each other's mutual support. On the other hand, the SPD is not prepared to forgive President Mitterrand for the positions he took in Bonn. I wonder what the attitude of some of my German socialist colleagues will be when the president of the French Republic goes to Strasbourg, and they are all in session at that time!

Hence, one sees the contrasting feelings aroused by the situation chosen by France depending on whether it involves economic policy or defense problems. Furthermore, one feels the ambiguities of the French government coalition when one sees the communist delegates fight in the European Parliament against everything that manifests solidarity within the Atlantic Alliance.

3463

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## NORDIC COUNCIL FACES CHANGE WITH NEW CONSERVATIVE MAJORITY

Stockholm DAGENS NYHETER in Swedish 14 Feb 84 p 6

[Article by Ake Ekdahl]

[Text] A growing rightwing in the Nordic countries is increasing the politicization of the Nordic Council. Before the meeting in Stockholm at the end of February, the Nordic Conservative parties united behind a joint program, and for the first time, the Social Democratic parties in the five countries are facing a well-unified political front that crosses national boundaries.

The old supporters of Nordic cooperation--pragmatic and eager for compromise--view what is happening with alarm. To avoid being left entirely in the shadow of the big parties to their left and right, the middle parties are also trying to get together with a joint political manifesto in the general politicization.

The transformation is welcomed by Social Democrats and Conservatives. They feel that the injection of party politics will vitalize activity in the Nordic Council. There is now open debate about scrapping the national secretariats and replacing them with party secretariats, direct economic support for the parties, direct elections, and so on.

Such ideas were regarded as lese-majesty only a few years ago.

A special five-man committee tried to put more backbone into Nordic machinery, but it ducked the issue of party politics in the council by leaving it to "a natural development of the debate" that has been going on for nearly 10 years. Caution has characterized the politicization process.

In practice, the five Nordic countries have taken a national approach through their national delegations. National interests have taken precedence over party interests. The political parties eventually set aside a special evening for internal meetings during each council meeting, but those special meetings were mainly a matter of informal get-togethers.

In reviewing the history of the debate over politicization, Claes Wiklund, an analyst for the Center Party, says: "Cooperation on the Nordic Council has been characterized by a kind of ecumenical spirit."



In Oslo in 1973, there occurred the big quarrel over cooperation on legislation. The Social Democrats in all five countries coordinated their efforts, and the party groups started preliminary meetings preceding the committee work.

### In Their Footsteps

The Social Democrats were therefore first on the field with party politics. They had old experiences with the Nordic labor congresses to build on. The Social Democrats are also the most diligent in coming up with members' proposals that have a political coloring.

Now the Conservative parties are following in their footsteps. In four of the Nordic countries, the Conservative parties currently have nearly one-fourth of the voters behind them, and in two governments, the prime ministers are members of the Conservative parties. A greater exercise of power, strong self-esteem, and considerable political unanimity have increased their interest in also increasing their influence by party means in the Nordic assembly.

In several respects, the Nordic Conservative parties have found it easier to unite than the Social Democratic parties have. This is especially true on the question of security policy, an issue on which tensions have been considerably greater among the various Nordic Social Democratic parties. Today we see the sizable problems that Social Democrats in Norway and Denmark are having with the deployment of NATO missiles. And in Sweden as well, there are strong tensions within the Social Democratic Party on security policy issues.

### Lure

The Nordic Council would be headed by a solid nonsocialist majority if the 87 members were lined up in the political blocs that usually count in their national parliaments. That is another lure for the Conservative parties.

The meetings by political groups are gradually becoming more important than the daily national delegation meetings, positions of trust are being distributed on the basis of party politics, the secretaries of the party groups are now recognized in the official lists of participants, special joint party programs are worked out, and so on.

Standing outside this coordinated party community of Conservatives, Communists, Social Democrats, and the middle parties are the so-called parties of discontent in Denmark, Norway, and Finland. In terms of election mathematics, they are usually included with the rightwing parties. The Christian parties had their own party group and common program until 1979, but now they are included with the middle parties.

### Personality Clash

In the conduct of practical work, there is so far no obvious sign of increased partisanship. The number of partisan members' proposals seems to be increasing this year, but the overwhelming number cross party lines. Until last year, the number of nonpartisan proposals had been increasing, and the number of partisan proposals had been declining.

The personality clash that flared up quickly over who would chair the Swedish delegation after Conservative Ulf Adelsohn is one example, however, of how the injection of party politics makes itself felt. The struggles over that appointment became an out-and-out fight between the political blocs. The Social Democrats tried to alter well-established practice and take over the job when Adelsohn stepped down, but later yielded and let the job go to Karin Soder of the Center Party.

Politicization of the Nordic Council is expected above all to vitalize its work and increase the number of members' proposals with a political coloring. It is expected that leading politicians will become more involved in Nordic work, that the public will find it easier to understand where the parties stand on various issues, that questions of security policy, developing countries, and employment will receive more attention, and that the mass media will become more interested in the council's work.

The dangers are that political deadlocks will occur before the decisionmaking process even gets underway, that party considerations will take precedence over national interests, and that the old and highly esteemed principle of consensus in Nordic affairs will lose ground.

Ilkka-Christian Bjorklund, the Nordic Council's powerful presidium secretary, says that politicization is necessary. Either the Nordic Council is going to wither away and become an uninteresting, bureaucrat-dominated discussion club or it is going to be developed into an active political organ.

The political parties in the Nordic countries ought to join together and form party groups on the pattern of the European Parliament, says Ib Stetter (Conservative Party) of Denmark. And Social Democrat Reiulf Steen of Norway is in broad agreement with him.

Those opposing politicization are afraid that barriers will be built up between Nordic politicians. Jo Benkow (Conservative Party), the Norwegian council president up to now, is one of those supporting the principle that solutions to practical problems in Nordic politics should be reached across party boundaries.

Despite the nonsocialist majority among the Nordic Council's members, the Social Democrats secure passage of over 85 percent of the recommendations proposed by their members. The Conservatives get about half of their recommendations approved, as do the middle parties.

The explanation for the Social Democratic successes is coordination among the various Social Democratic parties on the council. Their party group is the strongest and best organized. For 10 years they have had one person assigned specifically to watch over Nordic cooperation matters.

The Conservatives formalized their cooperation in 1982 with a similar political observer, and the Communist and middle parties did the same in 1983.

To further increase the potential of the party secretariats, special party subsidies are being proposed. These would consist of a basic grant and a variable grant, the latter being based on the size of the party group. It is being proposed that for a party group to receive the subsidy, at least two countries would have to be represented in that group.

11798

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## RETIRED GENERAL'S BOOK ON 'HIDDEN SIDE OF PASOK'

Athens AKROPOLIS in Greek 11 Dec 83 pp 5, 16

/Excerpts/ The Hidden Side of PASOK

A new bombshell document for the government of "Change" is being published with disturbing revelations about the identity, the true face, structure, goals and methods of PASOK

The "uncovering" comes about through a book that is soon to appear, titled "The Hidden Side of PASOK", written by Mr Dimitris Khondrokoukis, a retired general and a Liberal Party deputy. This general has been "present" in the front lines of all the struggles of the nation.

However, what is of more significance is that the author, as a cadre and deputy of the governing party --before "getting himself out of PASOK"-- has, firsthand, lived through the dark behind-the-scenes activities, structure, and invisible activity of the "movement" that governs us.

For the very first time, "PASOK activities and acts" --when PASOK was still the major opposition party-- with which it planned and succeeded in gaining power have come to light.

It is now revealed how the "Contract" with the people was quickly drafted and how the slogans and tactics for the rise to power were chosen from "tested Marxist struggles, such as Lenin and Mao...."

With how much concern is the Marxist face hidden under a bourgeois mask so as to deceive the petit bourgeois voters.

This book is also a thunderbolt against Andreas himself, Andreas who "delights in flattery," who "flatters the powerful and dominates over the weak," who "is afraid of powerful politicians," and who "believes only in what assures him of power."

However, what is above all revealing in Dimitris Khondrokoukis' book is the uncovering of PASOK's "small shopkeepers" and the rabid battle within cliques, "the well-known troika" and the deputies whom the party wants to maintain as its slaves and humble organs. And, above all, "the family clan" that concerns itself "for the overall submission of all to Andreas."

However, before proceeding to giving some excerpts from this shock-book, let us first glance at a characteristic paragraph from the author's preface:

"...I undertake to bring to light all of PASOK's behind-the-scenes activities... I promise to write the naked truth, fully documented....."

In one of the book's first chapters, General Khondrokoukis attempts to answer the question that is becoming more and more of a concern even to PASOK members.

He writes: It would be because of naivete or servility or at any rate mental deformation and deadening of conscience that all those PASOK members have not yet seen where Andreas and his crowd is heading for. If they agree with this, so be it. They become accomplices. If, however, they do not agree and do not have the strength to cry out and protest, then they are his accomplices twofold. The PASOK Central Committee, although appointed, had agreed at an over 50 percent rate with all that the two individuals who did not vote for the proposals of Andreas and the executive office had charged, but they did not have the mental strength of a Kargopoulos to express whatever they believed and do believe deep inside.

#### Strategy

In this chapter, General Khondrokoukis provides interesting information on the two phases of PASOK's strategy.

- The first phase provides for the establishment of a dictatorial parliamentary democracy, with a simultaneous taking over of the labor movement and local self-administration, elements that PASOK trumpets as constituting the foundation of its democracy. Laws, decrees and decisions of the current government all tend in this direction.

- The second phase is the establishment of a one party state. Party and state are one.

We are already in phase one. All of the laws and various other acts and decisions enacted up to now tend in this direction. The law concerning the structuring of the public administration and the abolition of general directorates, etc. and their replacement by political advisers, the law concerning productivity of employees and judges of the Audit Conference and the Council of State (establishment of public administration schools, etc.), the law on the purging of judges, the laws on the nationalization of problem companies and of health, as well as the whole lot of presidential orders and ministerial decisions create the conditions for the achievement of the "strategic goals" of the first phase. We particularly point out the law on the abolition of the "preference cross" that will permit the party to select deputies and to build a chamber of deputies similar to that of Papadopoulos', the well-known "advisory committee."

In this way, the general stresses, the one party system of the second phase will come closer. However, the partner will be the communist party.

General Khondrokoukis has known the present prime minister from the time he took his very first steps in Greece's political life. He writes as follows:

Many and varied things have been written about Andreas' personality. Through and through debatable. Some praise him while others run him down. Certainly, the most truthful is his father himself, the unforgettable G. Papandreou, the "old man" of the republic. His most descriptive words that are not disputed are those that are condensed into his sentence: "Andreas has ideas but knows nothing." I will try to give a sketch of Andreas through my acquaintance and work with him, without letting my personal feelings against him or his altogether ungrateful and uncharacteristic behavior toward me predominate.

Andreas, therefore, is a person who radiates charm to one who does not know him and who talks with him for the very first time.

He easily feels the pulse of the unaware person. He is never sincere with the person he talks to.

#### What He Is Afraid Of

- He is unusually receptive to intrigues and slander. He flatters the powerful and dominates over the weak. He yearns for publicity and loves public speaking, while he is afraid of the powerful props of the nation, fearing perhaps his inner "Marxist" intentions might be found out. He is an unlikely demagogue and exploits to the extreme the weaknesses of his opponents. He tries in every manner possible to present himself as the sole "socialist" who suffers for the....people.
- He is afraid of energetic politicians -- Karamanlis, Mitsotakis-- and speaks ironically of calm and gentle ones.
- He always falls in with whomever of his colleagues he talks to last.
- He exploits whatever sounds bad to the people --reactionary Right, capitalism, monopolies, etc., and he comes up with opposite slogans, such as "progressive forces," "democratic forces," "Democracy," "people's sovereignty," etc., whereas he works for anything but "Democracy," "people's sovereignty," etc.

Deep down, Andreas believes only in what assures him of power. He is not bound by moral obligations to friends. He can conveniently in each case present white as black and black as white.

- His hypocrisy rivals the cynicism of the dictators. In two words: He is never in harmony with himself. His personal friends have planted the idea in him that Andreas equals PASOK and PASOK equals Andreas.

#### Cliques

Where the book provides a shocking revelation is the chapter that mentions the intrigues and the continuous hidden war among the cliques of the governing party. And it brings to the surface not only the methods of each clique to predominate but also the joint effort to have the movement maintained in the saddle of power "through every sacrifice."

## KKE EURO-DEPUTIES ACTIVITY BULLETIN ISSUED

Athens RIZOSPASTIS in Greek 12 Jan 84 p 9

/Text/ To open the way for Greece's disengagement from the EEC, to decisively confront its effects on the workers and to realize their just demands there is but one way: the overall development of the struggle of the workers against the EEC of the monopolies, the overcoming of the effects of our country's remaining in the EEC and the strengthening of the ballot that will support the KKE in the forthcoming Euro-elections.

In a special bulletin of the KKE Euro-deputies group that was recently published and that refers particularly to the KKE's activity within the European Parliament over the rights of the workers and against the anti-labor policy of the EEC, the tragic reality of poverty and unemployment that today constitute the sole visible "prospect" for millions of workers of the member states is presented in a vivid manner.

In the "EEC of the workers" that certain people hypocritically continue to propagandize acting as if they did not see the hard reality of the "EEC of the unemployed," unemployment of young people between the ages of 16 and 25 is 40 percent and over the overall unemployment rate. Also, over 4 million persons have been unemployed for over a year. Moreover, the official number of poor in the EEC, i.e. those who do not even have the means to meet their basic needs, is estimated at 50 million or about 18 percent of the overall number of inhabitants in the community.

#### Unemployment in Our Country

In Greece, 3 years after its joining the EEC, unemployment has reached 300,000 or 10 percent of the work force.

The bulletin stresses that because of the fact that big capital in Greece has to face competition from the EEC-the cost is made up through the intensification of work, through a reduction in the hiring of workers and through dismissals.

Indicative of the proportion of the unemployment situation in certain categories are the following figures: 80,000 unemployed in the construction business; 20,000 in the metallurgical field; 20,000 in the spinning and weaving industry; 10,000 in the leather industry; and 10,000 in the clothing industry.

Is the EEC trying to confront the unemployment problem? Not only does it not do so but to the contrary it exploits the situation to strike another blow against the workers. How? By trying to accomplish the following:

- Decreasing the weekly work schedule with a simultaneous decrease of wages.
- Decreasing the period for the granting of pensions and a decrease in pensions.
- Providing partial employment with corresponding limited wages.

The KKE, through amendments made by its Euro-deputies to the European Parliament's resolution on unemployment, refers to the bulletin of the group and suggests the following:

- Progressive decrease in the weekly hours of work up to 35 hours without any decrease in wages.
- Prohibition of overtime except for reasons of special need.
- Enactment of strict guarantees with regard to "partial employment" so that under the control and explicit agreement of the enterprise committees and labor unions it would be limited to certain categories of workers who cannot work on a full-time basis.

The KKE bulletin stresses that while the EEC promotes a policy of strict frugality vis-a-vis the workers and unemployed, its member states are continually increasing their armaments. Especially revealing are the following data mentioned in the bulletin: In 1982, the FRG spent 1,500 billion drachmas for military purposes; France spent 1,400 billion drachmas; and Great Britain 1,900 billion drachmas. At the same time, the EEC provided only 160 billion drachmas from its budget for social expenditures and for a decrease in unemployment.

#### Policy of Frugality

For the implementation of a policy of income frugality and the abolition of the automatic cost of living adjustment, the EEC openly proposes the freezing of wages and the decrease of social expenditures. Through its outright intervention it sought and succeeded in the falsification of the automatic cost of living adjustment in Greece. To a subsequent question by the KKE Euro-deputies, the EEC council of ministers answered as follows in a provocative manner: "Because of the significance of income policy within the framework of general economic policy of member states on the basis of Articles 103 and 145 of the council's treaty, it considers that it has the right to determine directions in connection with income policy when it deems it so."

The KKE bulletin mentions the attack conducted against trade union freedoms of the governments of the EEC states that is directed by the community committee and "is covered" by Art 118 of the Treaty of Rome. The truth is also presented over the EEC's social fund from whose financing Greece received just 4 percent

in 1982, while Great Britain received 2 percent, Italy 31 percent, France 17 percent and Ireland 9.5 percent.

The bulletin stresses that as long as we remain in the EEC, the KKE has waged, is waging and will wage a fight for the defense of the workers against the negative consequences of our entry in it.

The bulletin concludes, for the workers there is only one way: the strengthening of the ballot that will support the KKE, the party of labor, namely their party.

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## SPANISH PEACE MOVEMENT'S OTAMENDI ON ANTI-NATO COMMITTEE

Guipuzcoa EGIN in Spanish 18 Feb 84 p 11

[Text] Tomorrow the 4th March to Torrejon will be held. Since January, 1981, this yearly event has been a characteristic means of mobilizing the Madrid Anti-NATO Committee. But four years of being on the defensive yield more tangible results. The advances in organizational consolidation or the maturation of basic proposals show this.

Carlos Otamendi, a native of San Sebastian, 35 years of age, tells us of all this. His position as union leader from Victorio Luzuriaga forced him to flee from repression around 1975. Having settled in Madrid, he participated in the founding of "this invention." The author of several articles on the pacifists and anti-militaristic movement, Carlos Otamendi has a prestige recognized both within and outside his organization.

[Question] A 4th March to Torrejon has been scheduled for tomorrow. What significance does this mobilization have?

[Answer] One of the features that has characterized the Anti-NATO Committee from the start, among many proposals for mobilization, are the marches to Torrejon which have been held annually. This 4th March has a central slogan: "We are going to win the referendum. Get NATO and the bases out now." Apart from including a few additional rallying cries in our publicity, what we intend to do with this slogan is to make a proposal for mobilization to the entire citizenry of Madrid, so that they will express their rejection of NATO and of the base at Torrejon.

It is important to note that the 4th March is not an isolated act, but the high point in a campaign, several weeks long, interspersed with a lot of events, talks, displays, posters, murals, round tables... At these functions we have observed, in comparison to similar events in the past, a warmer welcome, plus much greater receptiveness and participation by the people.



Another outstanding feature is that, with the sole exception of the PSOE [Spanish Socialist Workers Party], all the Madrid social, political, union, community, neighborhood and cultural forces have replied affirmatively to the invitation extended by the Anti-NATO Committee for them to heed the call. To be honest, though, it must be said that the burden of the whole campaign (organization, publicity, activities...) has continued to fall rather heavily on the committee.

[Question] An exciting novelty is the presence of the Portuguese admiral, Rosa Coutinho, at this 4th March...

[Answer] We have been maintaining very close connections with practically all the pacifist groups that are working against war in Europe. The Anti-NATO Committee forms part of the Joint Committee of the END, which is the one that prepares many annual conventions on European nuclear disarmament. It is also a member of the IPCC, which is turning out to be a kind of coordination of the most important pacifist groups. We maintain very close connections with all the projects, plans and designs that try to join forces against the militarization of the Mediterranean. And we have been attending meetings or conventions, not only in Europe, but on all continents. This is why we have received letters and telegrams of support for this 4th March from practically every pacifist organization in Europe.

We have wanted, nonetheless, for there to be agreement not only on a solidarity of this kind, but also for the support to turn into a physical presence. Because he could represent the movement in his special personal capacity and role as a military man thoroughly conversant with the secrets of NATO, and who therefore can articulate better than most the ominous, negative side of this military alliance. We invited Admiral Rosa Coutinho. We also issued a similar invitation to General Gert Bastian, but he was unable to come on account of the problems that have arisen in the Green Party.

[Question] From what you are telling us, the marches to Torrejon have a projection beyond Spain.

[Answer] Yes, indeed. They are observed with special interest and are well received, particularly by all the groups whose concerns go beyond the fight against the installation of Euro-missiles.

Let us say that in the European movement, different points of view are on content and objectives of the pacifist struggle. There are those who express the opinion, under the influence of social democracy, that the peace movement must take a stand on abstract, ethereal things, without debating or discussing military connections and the militaristic plans and projects each government has. There is a strategic and tactical line that states the need for talks--at high levels, as a hypothetical way towards gradual disarmament. Opposing this position, there is another, increasingly dependent on the majority in Spain, that advocates waging a struggle against the real and concrete motives that assume a threat to peace in every country. Thus, an increasing number of peace movements has started to understand the importance of opposing NATO and the whole military apparatus-- particularly if it is foreign--establishes in their respective countries.



[Question] How did the Madrid Anti-NATO Committee get started?

[Answer] In January, 1981, and in a semi-spontaneous way, many people assembled with the idea of organizing a march to Torrejon. And without going much beyond the slogan conceived for the occasion ("NATO, get the bases out"), without any careful thought as to the direction things would take, this initiative was launched. The popular reply was very positive, especially when you consider that the UCD [Democratic Center Union] had only issued some advice about involving us with NATO. And so it was that the spark flew and this invention sprung up.

[Question] What are its structure and internal functioning?

[Answer] The internal structure of the committee rests on a very broad range of Anti-NATO Committees that stretches through almost all districts and towns in the metropolitan area, as well as through secondary schools, faculties and professional circles (journalists, physicians, attorneys, etc.). The functioning of committees and the committee is entirely one of participation, communication and assembly.

[Question] What is the current program of the Anti-NATO Committee?

[Answer] That prolonged and laborious process of discussions to which I previously referred, is the one that made us realize that the problem goes beyond fighting NATO and dismantling the bases. Thus, the proof of the tremendous growth of military spending which the Spanish Government is forcing, led us to incorporate this third element a few months after starting--never expressed better--our pace. A fourth element was not long in making its appearance: the civil and military nuclear disarmament of Spain. Solidarity with anti-imperialist struggles and struggles of national liberation has been another of the fundamental premises of our thought and practice.

To round out the picture, it should be added that the committee takes a pacifist, anti-militaristic stance (rejection of the military is another element of the program). But neither do we make a totally pure or abstract proposals, since we strive, with exquisite care, not to have the organized movement separated from what is the broad movement in the street.

[Question] The mobilizations for this 4th March have emphasized the organized presence of feminist women with their own slogans: a feminine antimilitarism, we might say.

[Answer] Our sensitivity to the feminist theme is increasingly greater. Experience itself tells us that it is the system in its entirety that prevents the existence of peace. And, thanks to the ideas contributed by the women who have been working on the different committees, we are beginning to assert the idea that a different, peaceful society will not be possible if from now on there is no discussion or debate on man's oppression of woman. Therefore we are striving to maintain the greatest number of links and associations with the organized feminist movement in order to exchange concerns and ideas. We are also striving to maintain special relations with the environmentalist movement, the committees for international solidarity, or the objectors [themselves]. The 4th March to Torrejon itself is a good example of this.

## MANDIL NAMED PRESIDENT OF INSTITUTE FOR INDUSTRIAL DEVELOPMENT

Paris LE NOUVEL ECONOMISTE in French 13 Feb 84 pp 56-57

[Article by Jean Gloagen]

[Text] Is it a blessing or a curse to be president of the Institute for Industrial Development (IDI), an organization specialized in equity sharing and controlled by public capital? Whichever it is, the prime-minister himself had to find a successor to Dominique de la Martiniere, who had resigned in July 1983. In a private meeting following the Council of Ministers session of 1 February, Pierre Mauroy obtained the President's approval for 42-year old Claude Mandil, engineer at Mines, director general of the organization since March 1983.

What a train of events! The most surprising one being that last November, a board of directors meeting called to nominate Georges Chavanes, head of Leroy-Somer, former president of IDI, who had been proposed by the ministers of economy and industry, was cancelled at the last minute at the President's request. A settlement of accounts connected with the Boussac affair, people whispered. It is no mystery that IDI has been fighting for two years against its inability to act as majority stockholder toward Rene Mayer, president of the textile group, who feels that he needs to report only to Mr Mitterand's circle.

Even if gossips point out that his nomination has political overtones--following a career of high official at the Industry and at Datar (Delegation for Territorial Improvement and Regional Action), he belonged to Mr Mauroy's cabinet from June 1981 to February 1983--Mr Mandil feels that his nomination indicates "a desire for continuity."

His program? First, to continue to directly or indirectly bring in funds for average-sized enterprises; a joint subsidiary with Suez will be created for this purpose. Then, to invest in innovation; for instance, IDI is negotiating the creation of a joint company with the Compiègne Technical University.

And lastly, to manage various businesses for the government and with the government's money; after Boussac and Heavy French Machinery, the institute is expected to be entrusted with the management of the public interest in Fenwick.

These plans require money. Even if at the end of 1983 the endowments made to the rubber processing company EMS (Specialized Mechanical Equipment) caused IDI (portfolio of 1.2 billion francs) to post a debit, the new president estimates that he will not suffer a shortage of means. After selling Minelli to Chaussures Andre, he will negotiate the transfer of two other majority shareholders, Braud agricultural machines, and the Robert Laffont publishing house. If need be, he could also sell some listed shares with a profit of 200 million francs. Moreover, Mr Mandil has not lost hope of obtaining a government endowment.

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## BULL, PHILIPS COLLABORATE ON MEMORY CARD

Paris LE NOUVEL ECONOMISTE in French 13 Feb 84 p 58

[Article by Anne-Marie Rocco]

[Text] By agreeing on a French memory card, Philips and Bull are launching its development in France. A single banner will also be useful for exportation.

Champagne! Ten years after filing his patent for a memory card, the Frenchman Roland Moreno is jubilant. His invention--a microprocessor integrated into a plastic card--will finally become commonplace. Make way for electronic money: one after another, all the French banks have accepted it, and the PTT ministry has just announced an extensive program of public orders. What is more, at La Haye, the Dutch group Philips has adopted the system developed by the French group Bull from the "Moreno patent." It is thanks to President Mitterand's official trip that this agreement was signed on 7 February by Jacques Stern and Casimir Juraszynski, chief executives of Bull and of Philips France, respectively.

A success for French electronics? Rather one battle won in a war that promises to be long. The Dutch group undoubtedly promises to defend the French positions in the international standardization forums where the fate of technologic innovations is decided far from the public eye; and it also promises to attack foreign markets under the same banner as the French manufacturers. This is not negligible, given that Philips, the leader in European electronics, has connections in the banking circles of FRG and Northern Europe. The fact remains that this agreement legally binds only the French subsidiary, the only one to develop the memory card within the Dutch group. For the present, it mainly opens the way for the commercial launching of the memory card inside France.

Just as in the case of computers and video recorders, incompatibility has been the rule for electronic money. Philips in Caen, Bull in Blois, and Flonic-Schlumberger in Lyon: for 18 months, three pilot tests have demonstrated its proper operation. Except for one detail: the card developed by Flonic-Schlumberger cannot be read by a Bull terminal, whose card would not be accepted by Philips equipment.

This situation threatened to stall the transition from experiment to industrialization. "Standardization is the main reason for our agreement with Bull," acknowledges Francois Guillaud, director in the Philips France general directorate. The subsidiary of the Dutch group will thus adopt the micro-processor perfected by Bull and manufactured under its own name by Motorola.

The two partners will buy from the same American supplier, as well as from Eurotechnique (Thomson group) beginning in 1985. All in all, the two manufacturers will continue to produce competing, but none the less compatible equipment.

That was the objective, at a time when the banks themselves are abandoning the principle of incompatibility for their payment cards (see page 74) and are declaring themselves ready to order large numbers of memory cards starting next year. In four years, all the cards in circulation are expected to be replaced with "joint" cards, provided with a magnetic track and a micro-processor. This is a vast market for an industry which is already beginning to sharpen its weapons. "Our production capacity, which is currently 10,000 to 15,000 cards per month, should become 100,000 cards by the beginning of summer," states Herve Nora, of Bull's specialized subsidiary, CP 8.

#### Strategy

At PTT as well, the intent is becoming clearer. The Minitel terminals, delivered as part of the "electronic directory" program, will soon be able to accept a memory card reader, which will make it possible for subscribers to access computer services (data banks) or pay for purchases from mail order houses. Another market is that of public telephones; ten thousand card-operated booths will be installed in two years. These are firm orders which are already returning profits to Bull and Crouzet, but especially to Flonic-Schlumberger, which from the start became more interested in specific applications (telephone, parking meters, tolls) than in the bank card.

Could this be the right strategy? "Abroad, the banks are not unanimously in favor of the memory card; other applications could easily take priority," points out Mr Guillaud.

Exportation will play a determining role in this mass market; Philips was already studying the American market last year. Bull has just followed suit by creating Microchip Technologies Inc, a commercial subsidiary located in Dallas, hoping to rapidly take advantage of the international label provided by the double support of Motorola, and now Philips.

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## ANALYSIS OF FOREIGN CAPITAL INVESTMENT GUIDELINES, PROBLEMS

Istanbul DUNYA in Turkish 23 Feb 84 p 5

[Article by Manuel Garcia and Aranda Alvarez: "Foreign Capital Investments in Spain; Results Achieved"]

[Text] The basic laws regulating foreign capital investments in Spain are the "Foreign Capital Investments Law" of 31 October 1974 and the "Foreign Capital Investments Regulations" also promulgated on 31 October 1974 but situated within a broader framework.

Both texts are revisions of the 29 July 1959 law defining the principles of Spain's policy towards foreign capital investments--principles still valid today. They contain certain additions to the 1959 law, covering matters and situations not taken into consideration previously.

#### Who Can Invest?

All legal aliens and all legal individuals who are non-residents of Spain or are of foreign origin, regardless of whether they are from the private sector or the public sector, can make investments in Spain.

#### Sectors Open To Investment

With the exception of firms involved in defense industries and mass communications, foreigners can invest in any sector of the Spanish economy.

#### Types of Investments

In order for profits to be transferable, foreign capital investments must fit into one of the following categories:

- (1) The investment must be made with one of the foreign currencies exchanged on the Spanish market (all Western European currencies, the Canadian dollar, the Japanese yen);
- (2) The investment must be made through a convertible Spanish peseta account (This is an account held by non-residents of Spain,



consisting largely of pesetas obtained from the sale of foreign currency or of sums paid in exchange for goods imported by Spain); (3) The investment must be made by contributing capital assets or machinery and equipment to a Spanish firm (The value of this capital is the cost assessed for customs); (4) The investment must be made in the form of technical services, patents or manufacturers' licenses registered at a special office within the Ministry of Industry.

While this is generally the case, in some instances investments can be made with normal Spanish currency or through a foreign account opened in Spanish pesetas. The money for such investments is income with limited transferability earned by non-residents. In both cases, the right to transfer profits out of the country is quite limited.

#### Administrative Organization

The organization responsible for supervision and control over foreign capital investments in Spain is the Directorate General of Foreign Investments, which comes under the Ministry of Economy and Finance.

#### Powers

As a general rule, foreigners are completely free to hold as much as a 50 percent share in a Spanish firm. They are also free to make direct investments in Spanish firms whose capital base is less than 25 million pesetas (approximately \$160,000), even if this would mean a foreign capital share in excess of 50 percent. Likewise, they are free to make investments for the sake of increasing capital, provided that the foreign share ratio does not change in organizations which attract foreign capital.

In cases not falling within these parameters, special permission is required. Authorities who grant such permission differentiate on the basis of the foreign capital situation of a given Spanish firm.

If an investment exceeds 500 million pesetas (approximately \$3 million), the required authorization is given by the Council of Ministers.

The share of foreign capital participation is determined by sector. The share is very high in some sectors. For example, foreign capital is permitted to hold a 100 percent share in the oil exploration industry. The percentage is lower in certain other sectors-- 40 percent in maritime transport, 25 percent in public service industries (electricity, water, gas, etc.) and 49 percent in mining companies.

Finally, investments to be done in Spain by public sector enterprises are always subject to government approval.

#### Foreign Enterprises' Opening Branch Offices

A foreign non-resident may decide to invest and do business in Spain through a company branch office. However, government permission is always required if the capital base of the branch office exceeds 25 million pesetas. The number of foreign enterprises that open branch offices in Spain is not high, because the formalities and expenses involved in doing so are exactly the same as they are for a Spanish enterprise. The parent company is obliged to provide certain information regarding its own business affairs. If the branch is incorporated, its responsibility does not end with the capital actually used in Spain.

#### Rights of Spanish Firms That Attract Foreign Capital

Spanish firms to which foreign capital contributes can invest and do business freely in Spain. Their rights, powers and responsibilities are the same as those of other Spanish firms. However, if the foreign capital share exceeds 25 percent of the capital base of a Spanish firm, that firm can only borrow up to five times its capital base in Spain. This limit can be surpassed, nevertheless, through special permission of the Ministry of Finance. Such permission is generally granted.

Similarly, if the share of foreign capital in a Spanish firm's capital base is greater than 50 percent, any investment made by that firm in another Spanish firm is considered a 'foreign investment.'

#### Transfer of Profits

There are no timing restrictions or quantitative restrictions as far as the income a foreign investor can transfer out of Spain, whether it be from dividends, interest or any other source. There are also no timing or quantitative restrictions with regard to transferring capital gains from an investment, from the sale capital stock initially invested, or from some other form of capital turnover.

Operating profits earned from an investment in Spain take on the nature of 'transferable Spanish lira,' just like capital itself or any capital gains. Operating profits can be reinvested in Spain with the same rights and privileges. Moreover, requests can be made to transfer these profits out of Spain in any foreign currency unit exchanged on the Spanish market.



## Investment of Foreign Capital in Stocks and Bonds

Regulations governing investments in stocks and bonds are the same as those governing direct investments. Since 15 March 1952, foreigners have been permitted to make all sorts of investments in stocks and bonds. Capital gains, interest, dividends and other profits from these investments are freely transferable. Nevertheless, as is the case with direct foreign investments in Spain, a portfolio investment in a Spanish enterprise cannot exceed 50 percent of the enterprise's own capital without obtaining prior permission.

Rights and privileges accorded in connection with transfer of profits also hold true for all income from Spanish stocks and bonds purchased by foreigners.

## Investments In Connection With Acquisition of Real Property

Another very important issue in Spain is that of foreigners' investing in real property (which represents 40 percent of overall foreign investments). This stems directly from the tremendous importance of Spain's tourism industry, which serves approximately 40 million tourists a year. This figure obviously exceeds Spain's own population of 38 million.

Foreigners are completely free to purchase houses, apartments or villas if they intend to use them for their own personal use. However, if this purchase is going to be done in line with an investment project, special government permission is then required.

In any case, investments in real property and income and capital gains from such investments are transferable.

Foreigners may purchase up to 4 hectares of land in rural sectors where there are irrigation facilities, and up to 20 hectares where such facilities are lacking. Larger real estate investments require special permission from the government.

However, foreigners may not purchase land in certain sectors designated strategic sectors of the country, without having special permission from the Ministry of Defense.

## Registration of Investments

All foreign investments should be registered at the Records Office in the Ministry of Economy and Finance. This registration is mandatory for transferring investment income out of the country in subsequent years. It is even required in cases where investments have been left completely free.

## Incentives Policy

Apart from the above opportunities accorded by law, Spain has no special incentive measures for encouraging foreign investments, nor any real incentive policy. Even introductory advertisements in the international press addressing the business world were stopped two years ago. This is because the main factors attracting foreign investments to Spain are not incentive measures, but rather the fact that Spain represents a large market, maintains a skilled labor force which continues to be less costly than in many industrialized countries, has liberal laws and practices governing foreign investments, and has taxes that are not too high. Above all, there is the fact that Spain's economic and political situation is well-balanced, and that Spain is geographically close to and has close relations and business ties with countries which have a great deal of buying power--such as the EC and EFTA countries.

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## OPPOSITION TO SDP POLICIES UNITING NONSOCIALISTS

Stockholm DAGENS NYHETER in Swedish 21 Feb 84 p 2

[Editorial by Svante Nycander: "Clearer Lines!"]

[Text] If we consider its content, we see that politics in Sweden has always been conducted across the bloc boundaries. The opposition's influence and its share of responsibility are greater than it will admit. Both sides borrow from a common stock of ideas, opinions, and experiences and are influenced by the same trends and debates. The opposition leaders are invisible participants in the government's deliberations.

This is sometimes especially obvious precisely in periods of so-called bloc politics--for example, between 1976 and 1978 and since the 1982 election. The first three-party coalition wanted above all to dispel the suspicions and accusations, which have clung to it since the 1930's, that nonsocialist policies would mean social insecurity and unemployment. Now the Social Democrats are trying to bring Sweden out of the crisis with a policy that has been inspired essentially by nonsocialist economic thinking.

When solid cooperation across the bloc boundary cannot be achieved, the maxim for political success says: borrow freely from your opponent, but act independently. The Social Democrats have followed that maxim with greater boldness than the inexperienced nonsocialist politicians who took power in 1976. They have had fewer illusions about mutual understanding and, at the same time, have been less embarrassed about freeing themselves of the ballast of their own past.

In an editorial in STOCKHOLMS-TIDNINGEN (Social Democrat), DAGENS NYHETER is said to have decided that nonsocialist three-party cooperation is now inviolable and is said to be at peace with that fact: "Does this also mean that three-party politics is good politics?" Using a number of examples as warnings, STOCKHOLMS-TIDNINGEN tries to show what nonsocialist bloc politics can lead to in practice.

It is a political fact that the nonsocialist parties are now more united against the Social Democrats than at any time previously. One explanation is that attempts to cross the bloc boundary--cooperation between Liberals and Social Democrats on the energy issue and the tax agreement in 1981--could not be followed up. The Liberal Party was almost wiped out as a result of that policy. No

nonsocialist party sees any alternative today to three-party cooperation, even though there is still widespread sympathy for the idea of broad solutions and cooperation across the bloc boundary.

Many unnecessary disappointments and irritations would be avoided if there were general willingness to acknowledge the situation as it really is: the 1985 election will be a choice between a Social Democratic and a nonsocialist alternative.

For voters interested primarily in voting a nonsocialist policy without wage earner funds into being, this makes the situation clearer than it was in the most recent elections. The three nonsocialist parties will not differ from each other on what will probably be the two most important issues on election day: the alternative for government and the wage earner funds. Anyone hesitating among the three parties can therefore base his vote entirely on differences in programs and in stands on specific issues.

Clarity on the issue of the alternative for government can therefore create conditions for a more objectively oriented discussion concerning the content of the policy to be pursued in the event of a Social Democratic defeat in the 1985 election. That would be salutary. Following a situation in which the Conservatives have for many years questioned the reliability of the Center Party and particularly the Liberal Party from the general nonsocialist standpoint, the debate would be concerned with actual policy.

"Will the Conservative Image Hold up?" is the theme of an important issue of LIBERAL DEBATT that is worth reading. In it, several writers engage in a critical analysis of various aspects of Conservative policy.

Ake Wreden tackles the traditional weakness in all rightwing policies: the tendency, on every issue, to come out with high-sounding ideological arguments in favor of stands which in practice always serve the interests of those most well off. The "new billfold Conservatives" find it unusually easy to be deceived in this respect. Wreden points out that the Conservatives sometimes abandon their principles when they discover that the economic interests of their own voter groups will be affected. That happened, for instance, on the issue of differentiated patient fees in long-term medical care.

The Social Democrats depict practically all nonsocialist policy as reactionary, with the result that the Conservatives get off lightly. In view of the considerable demands they are making for influence in a coming nonsocialist government, it is high time to scrutinize their policy carefully and to make the difference between them and other nonsocialist alternatives fairly clear.

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## WAGE-EARNER FUND AUTHOR ANALYZES WELFARE STATE IN BOOK

Stockholm DAGENS NYHETER in Swedish 21 Feb 84 p 8

[Article by Lilian Ohrstrom]

[Text] "A charming funeral oration for the Swedish model."

"A necessary book. It was high time for it to appear."

Those are two opinions of the book "Folkhemsmodellen" [Model of the People's Home] by Rudolf Meidner and Anna Hedborg. The authors defended their book at a seminar held at the Vocational Center in Stockholm on Tuesday.

At an early stage, Rudolf Meidner explained: "What is new about the book is that we are obstinately holding on to what is old."

He said: "I refuse to declare the Swedish model officially dead. I won't go along with that as long as we don't have a decent alternative to equality, full employment, and a loyal wage policy."

But what are Rudolf Meidner and Anna Hedborg defending? What, in fact, is this world-famous Swedish model?

Many people have thought it meant the Swedish middle way. Others have said that the expression stands for Sweden's mixed economy. Still others say that it refers to the spirit of Saltsjobad.

But that is really only a part of the Swedish model's historical background, where we find the goal expressed as full employment, equality, and a loyal wage and welfare policy.

Rudolf Meidner's and Gosta Rehn's document "The Labor Union Movement and Full Employment" was presented at the LO [Swedish Federation of Trade Unions] Congress in 1941.

But is wage equalization in Sweden the Swedish model's strong point? If so, how does one explain the similar development in the rest of Europe? That was what LO economist Dan Andersson wondered.

And Keynesian economist Erik Lundberg says that people erroneously attribute the high employment level in Sweden to the Swedish model. The main reason why unemployment is so low in Sweden is that we have such a large public sector.

And how does one explain the wage explosion in 1975 and 1976, which gave us the high cost situation we have today?

Rudolf Meidner objected: "But wages soared in 1975 and 1976 precisely because the Swedish model was not followed."

#### Could Have Prevented Union Demands

According to Hedborg and Meidner, the government should have followed the Swedish model by stepping in and neutralizing profits when the latter took off in the early 1970's--for example, by revaluing the currency. Doing so would have prevented demands for compensation by the unions, which wanted a share of the profits.

While Meidner and Hedborg were writing their book, developments rushed ahead. Proposals to privatize social services are dismissed in the book with the statement that no one takes them seriously.

"The book arrived 5 minutes too late. The climate of debate has changed," said Gote Bernhardsson, county employment director in Malmo.

"The problem in the labor market today is one of directing the demand for manpower toward those without jobs. Today it is the people who already have jobs who are working even more. The high overtime statistics show that, among other things.

#### Greater Mobility

He wanted to see new measures for restoring mobility in the labor market. Contrary to the intention, the laws on job security have led to a situation in which the mobile labor force stays on the job while those who cannot change jobs--the older workers--are systematically thrown out.

There is a proposal for greater mobility in "Model of the People's Home."

"Instead of forcing people to stay home when they get older, it should be possible to invest funds so that people can take longer leaves of absence at certain points in their lives," says Anna Hedborg.

Isn't that Curt Nicolin's old idea for flexible work time in a new vintage?

"No, the difference is that people themselves would decide how they wanted to use that free time instead of the employers throwing people in and out based on their own requirements.

"But it would be possible, naturally, to encourage people to take time off during periods of slack demand. At such times, for example, an employee could take off 1 day out of 3."



## JAPANESE AUTOMAKERS ATTEMPT TO INVADE TURKISH MARKET

Istanbul DUNYA in Turkish 10 Feb 54 pp 1, 2

[Text] Japanese automobile manufacturers are preparing to invade the Turkish automobile market. It has been learned that Nippon Yusen Kaisha which is a leading Japanese firm in the field of maritime transportation has decided to begin a monthly carrier service to Turkey. It has also sent representatives of certain holding companies and firms to make contacts with Japanese companies for the purpose of determining the types and types of Japanese vehicles to be imported. The results of these contacts are to be obtained in a few days.

Plans for the importation into Turkey of Japanese automobiles which have constituted a major part of the country's automobile market have acquired greater definition. According to information that has been obtained, the Japanese company Nippon Yusen Kaisha has decided to initiate a monthly carrier service to Turkey. However, the firm has not yet decided upon the ports of call, Izmir, Iskenderun and Istanbul as a first step. The company will provide a monthly service to Turkey per month. This level of service will be increased to two departures per month if warranted. The company also plans to import automobiles to be imported. It has been stated that the Japanese maritime company's decision to begin this service will become finalized next week. The capacity of the carrier ship to be used on the route to Turkey is still under consideration. This will also be determined in accordance with the number of automobiles to be imported. Ships used for the transportation of automobiles usually carry five or six thousand automobiles stored in 9 separate levels within the ship. Some ships such as these are designed exclusively for the transportation of automobiles stacked on different levels. The Nippon Yusen Kaisha line sails primarily to Asia, Africa and Europe.

Particularity in the area of price, quality and service will be able to successfully compete against the American and British

Japanese success in the American and EEC market has gone far enough to cause friction between governments and to lead to the imposition of restrictive quotas. It is expected that Japanese automakers will engage in price dumping to counter high import taxes. Japan's first attempt to penetrate the Turkish market on a massive scale comes in the aftermath of de-control in the area of foreign imports.

Although there is no definite information about which of the Japanese manufacturers will enter the Turkish market, it has been learned that both Bebmot and the Anatolian Industrial Holding Company have been conducting studies directed towards importation. It has been learned that Bebmot which is a subsidiary of Koc Holding and which serves as a representative of Honda in Turkey is considering the importation of Honda's Accord and Civic model lines. It also appears that the Anatolian Industrial Holding Company which represents Isuzu in Turkey has been in contact with that manufacturer for the purpose of bringing about the importation of the Aska, Gemini and Trooper model lines. Japan currently has nine major auto manufacturers: Toyota, Nissan, Honda, Mitsubishi, Mazda, Subaru, Daihatsu, Suzuki and Isuzu.

The fact that a special car carrier service between Japan and Turkey is being initiated indicates that a large volume of imports into Turkey is being considered. In response to questions concerning how this large volume of imports is to be financed, officials are stating that the Japanese have provided very attractive financing terms and that it would be possible to transfer the cost of the automobiles involved following and not before actual sales. It is being stated that such an approach would allow the participation of automobile dealers and would facilitate the establishment of a network that would bring about greater effectiveness and facility in the marketing of Japanese automobiles.

In a related development, a high level official from a Turkish automobile manufacturer has stated that his company was not concerned about Japanese competition. He said: "Although Japanese automobiles have been imported for some time by individuals who acquired them as personal transportation, this constitutes the first instance in which such automobiles will be imported directly from Japan. As a result, we are being faced with a different type of event. Although I do not believe that the imports in question will constitute a large volume, I cannot predict developments in the event that the Japanese provide financing for the imports."

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## DUNYA ADVICE ON PREPARATION OF OZAL ECONOMIC MODEL

Istanbul DUNYA in Turkish 10 Feb 84 p 1

[Text] A period of 60 days is not long enough to allow the reaching of any definite conclusions concerning the "policy" of a government. A 60 day period appears particularly inadequate when the government in question is one that has aspired to the alteration of all economic traditions, administrative practices, and policies existing since the declaration of the Republic. It is unlikely that the full impact and the final outcome of the changes in question will become tangibly clear during the Motherland Party's term of office.

In fact, economic and financial measures enacted through decrees promulgated by the Ozal government since its taking office have not yet been clearly assessed by professional organizations that shape public opinion or by representatives of political parties. These sectors which constitute the potent forces of society are displaying a "wait and see" attitude that perhaps stems from old habits or a moderate degree of hope.

The new policy which must be viewed as a pragmatic model bearing Ozal's mark is being debated on the basis of the change in direction that it intends to bring to the economy. Nevertheless when this phenomenon is viewed from an unbiased perspective, the fact that the decisions that are being taken and the objectives that are being set will bring certain benefits distributed proportionally across various sectors of the population; becomes plausible. A list of measures that seeks to bring about an economic overhaul without upsetting the balance that currently exists between the classes is bound to produce certain mathematical results predicted by neo-classical economic theories.

It was inevitable that the forces of industrial production would put up various forms of resistance to the measures adopted over the past two months. This resistance contains aspects that are unjustified and dangerous as well as aspects that are well justified. Arguments maintaining that the "model" approaches

economic phenomena with very narrow insight, claims that the role played by the societal balance of power in determining a nation's way of life is being ignored and accusations that the model deems conjectural solutions to be adequate constitute justified aspects of the criticism. Resistance and criticism are further justified vis a vis the attempt to force individuals to "think like merchants" in accepting the dual factors of production and exports. However, the attitude assumed by certain sectors of the industry towards the measures in question is particularly unjustified. This group is acting somewhat irresponsibly in its unwillingness to give up truly extensive protectionism that has allowed it to utilize resources provided by persons with low incomes, particularly within the agricultural sector. The industrial sector which until now has not been able to properly assess developments or take long range corrective measures because of vision limited to the company level, is presently unable to present any effective or permanent alternatives to Ozal's model. Because it has become accustomed to relying on the state, the industrial sector is currently vulnerable to the results of new governmental policies whether such policies are well conceived or not.

Over the past two months the deal that Ozal's "model" will offer to working masses within this society has become more or less evident. However, it must not be forgotten that while working masses that are engaged in the daily struggle for existence can be temporarily mollified by small concessions, societal forces in Turkey operate in a very roundabout yet decisive manner. As the Motherland Party strives to build the "model" which is its brainchild, it must cast a constructive glance at the lessons in Turkey's past and give serious consideration to criticism cast in its direction.

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## OZAL SURVEYS LEADING ECONOMIC POLICY CONCERNS

Istanbul TERCUMAN in Turkish 10 Feb 84 pp 1,9

[Text] A joint briefing organized by nine professional organizations with a membership of small businessmen, artisans and small manufacturers took place yesterday in Ankara. Prime Minister Turgut Ozal who addressed the meeting said that the middle class constituted the foundation and the guarantee for democracy. Ozal maintained that democracy found itself on a firm foundation whenever small businessmen and artisans constituted a powerful force, and pledged continued governmental support for these groups. Ozal said:

"If we fail to reduce inflation, we could become saddled with certain unfavorable regimes. We are currently faced with a number of serious issues and this is a sign of poor health. Whenever competition and a market economy become installed in a country, one may consider that society's infrastructure to be complete. Within that society, the democratic system can be built upon such a foundation. This is the case for every Western political system. While Western political systems include social democratic regimes, the economic system that is common to all of these nations is the free market economy. Socialist nations constitute an exception to this rule and this is also where you can see a blackmarket, lines and turmoil. Such things are not necessary."

Ozal maintained that inflation is the symptom of a serious disease and said that the only beneficiaries of inflation were individuals who are involved in the blackmarket. The Prime Minister said:

"Let there be no mistake about it, I well remember those times. Although there would be an appearance of profit making, shelves would go empty and investments would suffer. For that reason, the struggle against inflation is one that should bring together the positive forces within this country and one that we should all

... to provide leadership in this process. It is necessary that we remove this illness from our society as soon as possible. The gradual solution of social problems must also be brought about through the reduction of inflation to a normal level. I will tell you frankly, if we are unable to do this; we will fall into the lap of certain unfavorable regimes. Nevertheless I believe that ours is an intelligent nation that is well aware of where its best interests lie. Our nation closely follows developments and for that reason will not get carried along the wrong path."

Prime Minister Ozal repeated that exports constituted the primary obstacle in our path and that problems involving the balance of payments had caused shortages in the past. Ozal stated that national income had declined as a result of this and said that there were many people in Turkey who were looking for employment. Ozal said that people entering politics and current officials would continue to feel the pain caused by this situation and continuing.

"We will reduce inflation and increase exports in order to resolve the problem of unemployment in the country. Turkey's balance of payments situation will improve. Turkey is becoming a more reliable country and foreign investment which has come to a standstill will resume. Investments will increase, new work opportunities will be created and there will be more work for everyone. The formula is as simple as that but its implementation is not easy and will require a great deal of work."

Prime Minister Ozal said that the managers of banks whom he had met in the past were now coming to Turkey in order to meet with him. He received long applause when he said that he had been visited at eight o'clock yesterday morning by D. Rockefeller who is the president of one of America's best known banks. Ozal later indicated that the government was not drawing a distinction between exporters and industrialists but that exports had to be increased. Ozal stressed that exporters "are not necessarily large industrialists or large companies" and indicated that in years to come small businessmen and artisans would be responsible for a significant share of Turkey's exports. Ozal indicated that the government was planning to support small businessmen as well as artisans and to reap benefits for the country from such a policy.

Ozal concluded his statement as follows: "Industrial complexes are important. All persons would like to own their place of business. A person who owns a place of business would show greater enthusiasm towards work. For this reason we will make as great an effort as we can to bring this about. Our next

budget will show increases in areas pertaining to this matter. We are going to see to it that industrial complexes such as this can be found everywhere in the country. In the months and years to come and for as long as inflation continues to drop, we will prepare legislation that will ensure that all banks and not just Halk Bank will provide credit to farmers and small businessmen."

The meeting which was held at the Ministry of Commerce and Industry was attended by Agriculture Forestry and Village Affairs Minister Husnu Dogan, Minister of State Kazim Oksay, certain members of Parliament and about 500 cooperative and association chairmen from various parts of the country. The opening statement at the conference was delivered by Turan Sarilar who is the Chairman of the Turkish Confederation of Metal Workers. Following his statement, Husamettin Tiyansan who is the Chairman of the Turkish Confederation of Small Businessmen and Artisans took the podium and maintained that "problems inherent to this sector will remain in the future."

Tiyansan said: "Counting their families, our three million small businessmen and artisans constitute one third of our population. We know that government officials will address the problems concerning this very important sector and hope that appropriate measures will be taken. These people do not have much capital and are patiently waiting for the economy to improve. A human being should not have to perform a menial task for a lifetime. Our leaders will listen to these voices."

Fehmi Genc who is the Chairman of the Union of Ankara Small Businessmen's Associations said in his speech that "Turkish small businessmen and artisans will serve as foremen and master builders working for Mr. Ozal who is the chief architect of the economy." Genc also stated that the government must be supported and that the people would not tolerate division and factionalism. Genc called for a review of the Law on Labor and the Law on Independent Organizations. In addition, Genc called for the appointment of representatives from small businesses to leadership level positions at Turkiye Halk Bankasi (Turkish People's Bank) and on the Commission for the Determination of the Minimum Wage Level.

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## BUSINESSMAN EREZ ON IMPORT THREAT TO DOMESTIC INDUSTRY

Istanbul CUMHURIYET in Turkish 10 Feb 84 p 9

[Text] Mesut Erez who is a former Minister of Finance and who currently serves as Chairman of the Esbank Steering Council as well as Assembly Chairman of the Eskisehir Chamber of Industry has answered Cumhuriyet's questions pertaining to the economy. Erez said: "The setting aside of scarce foreign currency reserves for the purpose of importing goods that are already produced in our country is not beneficial to our economy." Erez stated that it is still too early to discuss the latest decisions made by the Ozal government and that the results of these decisions should be awaited. Maintaining that the latest economic decisions constitute a step in the same direction as the economic decisions of 24 January 1980 and 10 August 1970, Erez stated that a greater effort should be made to achieve quality control. Erez said: "When we argue that we can remedy our inability to control quality by importing products we are acknowledging our lack of insight." The following is a summary of the questions and answers during our interview with Erez.

- The liberalization of imports has been announced as a measure to prevent the growth of monopolies. In connection with this, you had said that inexpensive imports in large quantities would have an impact upon domestic industry. May I solicit your views concerning this matter?

Erez - The liberalization of imports is a measure that conforms to liberal views. If managed with care, imports generated through the judicious use of already scarce foreign currency assets may play a corrective role. This would constitute a favorable development. On the other hand, I wish to stress the matter of industrial products. What would happen if we were to import large quantities of products that we already produce and sell these products at low prices? We would bring about a collapse of the industry. Factories unable to compete from a standpoint of quality or price would be closed down. Our goal of achieving the economic development of Turkey through industrialization



would suffer. Unrestrained acts will result in the loss of domestic industry.

- You said that we would not be able to compete in the area of quality. In your opinion, what could be done concerning the matter of quality control?

Erez - In what concerns quality control, we must be able to distinguish between two things. Can we control quality only through the importation of higher quality foreign versions of a product already manufactured at home or can we use greater quality control to raise the quality of goods produced in Turkey? Should we be able to achieve certain quality levels in our production, imports may be unnecessary as a means of quality enhancement. This will require the establishment of professional associations as well as quality control departments in factories. If we can bring this about, imports would not be necessary. On the other hand if we cannot do this and say that we can control quality through imports, this is tantamount to confessing our lack of insight."

- Would you say therefore that this situation does not warrant the importation of products as a means to enhance the quality of goods produced in our country?

Erez - The door should remain open to importation that will enhance the quality of products manufactured in Turkey. The manufacturer should constantly be aware of the threat of higher quality imports. The manufacturer should never hold the belief that a given product will never be imported. Turkey's foreign currency sources remain scarce. It is not proper for us to allocate foreign currency reserves from our already scarce resources for the purpose of importing products that are presently being manufactured at home. This would not be to the benefit of our national economy. On the other hand, banning the importation of any item already manufactured in Turkey would be counter-productive.

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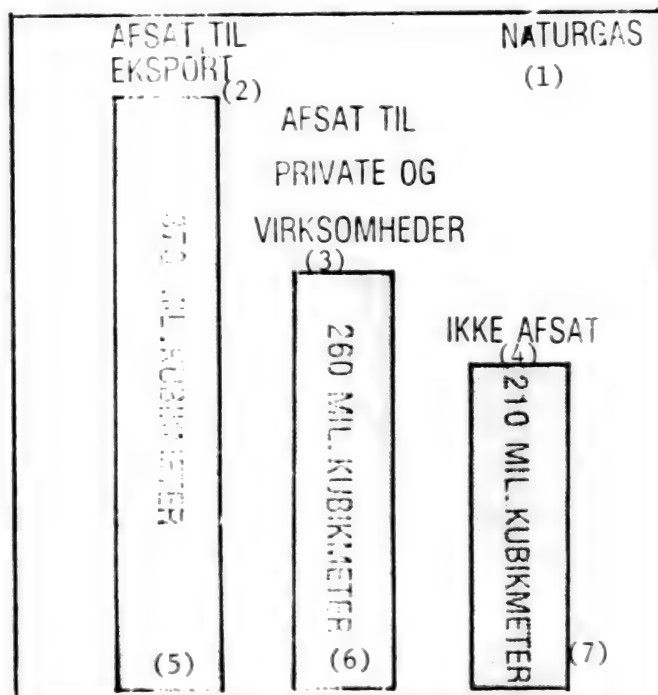


## POWER FIRMS FORCED TO CONVERT TO GAS FROM NORTH SEA FIELDS

## DONG Marketing Problems

Copenhagen BERLINGSKE TIDENDE in Danish 26 Feb 84 p 9

[Article by Michael Rastrup Smith]



[Excerpts] The columns show a gaping hole of 210 million cubic meters of natural gas in the Danish Oil and Natural Gas order books.

- Key:
- |  |                             |
|--|-----------------------------|
| 1. Natural gas                               | 4. Unsold                   |
| 2. Sold for export                           | 5. 370 million cubic meters |
| 3. Sold for private and business consumption | 6. 260 million cubic meters |
|  | 7. 210 million cubic meters |

There were only four contracts in hand for delivery of natural gas to industry when the present DONG [Danish Oil and Natural Gas] directors took over. The poor sales effort means that in the years ahead DONG will have a hard time selling the natural gas it has promised to buy.

The reason for the natural gas summit meeting is that DONG cannot sell the natural gas which it signed a contract with the Danish Underground Consortium to buy. This is catastrophic, because whether it takes the gas or not, DONG will have to pay for it. That is why DONG and the five regional natural gas companies want government backing.

#### Increased Exports Being Considered

Copenhagen BERLINGSKE TIDENDE in Danish 2 Mar 84 p 12

[Article by Peter Kjelstrup]

[Text] Even though there is gas that it cannot sell, DONG will maintain the industrial price. Efforts are being made instead to figure out how to get rid of the surplus gas with the least possible loss.

DONG has embarked on calculations to show how it can lose as little as possible on selling the amounts of natural gas that it can predict even now it will be unable to sell for the next 3 or 4 years.

This information was provided by DONG chairman Holger Lavesen, who told BERLINGSKE TIDENDE that in connection with a presentation of accounts a month from now, DONG will present an assessment of the project's finances that will show a poorer result than those announced so far.

"In this context we must consider what would work best--increased exports, sales to electric power plants or allowing the gas to remain under the North Sea, a possibility allowed under the DUC [Danish Underground Consortium] contract," said Holger Lavesen, who would under no circumstances go along with something like reducing prices for industrial gas even further.

#### Drawbacks

There are drawbacks to all three alternatives. Greater exports to Sweden, for example, would mean according to the DONG chairman that for perhaps the next 20 years we would not be able to dispose of the gas ourselves in the event Danish needs grow. DONG already expects that it will buy more gas from DUC around 1990.

And if the gas is left in the North Sea, it will have to be paid for anyway. That would not only give an interest loss, there would also be a risk that the gas will increase in price when there is finally a need for it. For the company must not only pay the current price for the gas now, it must also pay the difference between today's price and the price on delivery.

Finally, the problem with selling to electric power plants is that natural gas would be in competition with cheap coal.

#### Coal Prices

At the moment coal prices are only 40 percent of fuel oil prices, which today correspond to the lowest prices for gas.

Holger Lavesen did not conceal the fact that DONG intends to maintain the price that has been established. If one starts fiddling with individual components in the price system, the whole thing will collapse. But he has several reasons for thinking that gas can be sold to power plants anyway, one of them being that it is hardest to sell gas in the summer and special discounts are given for intermittent service while at the same time electric companies might be interested in a third energy source in addition to coal and oil for supply reasons.

DONG and the two electric associations, Elkraft and Elsam [Organization for Coordination of Electric Power in Funen and Jutland] have now begun to study the technical and economic possibilities of using the gas for producing electricity. The companies will then negotiate.

The technical analyses by the companies are expected to last 2 weeks.

#### Cutting Down

"One of the advantages in selling to electric power plants rather than exporting the gas is that one can cut down on sales to power plants as demand from industry and Danish home consumers rises, while the only way to get reasonable prices for export sales is to give long-term contracts," said DONG chairman Lavesen. The main reason why he does not want to reduce industrial prices even more is that he fears it would affect prices to other customers.

"Then it would be better to sell at a loss for a while to electric plants or on the export market. Otherwise the project will become totally impossible from an economic point of view," said Holger Lavesen.

#### Heating Plants Pressured To Convert

Copenhagen BERLINGSKE TIDENDE in Danish 3 Mar 84 Sec III p 2

[Article by Peter Kjelstrup]

[Text] District heating plants must be forced to buy gas more or less voluntarily. That is the opinion of the impartial three-man committee the energy minister appointed to see how to remedy the gas problem. The committee issued its first report yesterday.

Not enough natural gas is being sold. Therefore it is necessary to do everything possible to stimulate sales to most customer categories.

That was the view of the impartial committee, which was appointed to study what can be done to save the natural gas project.

The committee, which consists of barrister Steen Langebaek, Professor Helle-Christiane Nielsen and director Richard Relsted, submitted its first report to the energy minister yesterday.

The main theme is that the natural gas project is in an extremely critical phase, that it is pointless to keep on discussing whether it is or is not and that some of the things the committee wanted changed have already been set in motion.

#### Not a Court

"The work of the three-man committee has been difficult," said Steen Langebaek at a press conference following the release of the report yesterday.

"We are not a commission court and everything that was taken into account when we met was regarded as the factual basis on which we had to work. At the same time we took the implementation of the natural gas project as something that had to be accomplished," the barrister said, referring to the government's decisions.

He said the project was in an "extremely critical phase" with the low sales being the worst problem. And he found the project itself very understandable because the project involves enormous sums.

#### DONG's Finances Affect Us All

"The sums are so large that they will inevitably affect the economy of this country," he said.

"It is now vitally important that the project be re-examined and that everyone lends a hand so that it can be completed as soon as possible."

According to the report it will be necessary to stimulate sales, which applies to sales to all customer categories. Sales to industry have gone best, relatively speaking. But to increase the sales to households, the committee proposed a so-called "passage fee" to be paid by homeowners who have the possibility of being hooked up but had not done so. It is still uncertain whether the possibility of being hooked up but not doing so is a possibility. It is uncertain that neither the government nor DONG's new chairman, who has just been appointed, favors a proposal of this kind.

Energy Minister Knud Enggaard would not comment on individual proposals in the report yesterday, but the DONG chairman called the passage fee a "new idea."

### Hook-Up Discount

The report also suggested a special discount for single-family homes in areas where a lot of houses are hooked up from the start.

Finally it proposed a kind of "voluntary hook-up fee" in line with the telephone company charge, so that if the payment is made at the start, the customer gets cheaper gas. A voluntary investment in the natural gas project.

The committee has found great satisfaction so far among those who are already hooked up and says this is the best starting point for further sales.

According to the report, relations with industry have more or less been solved with the unit prices just established, but sales cannot proceed too quickly now.

### Tax on Coal

The situation looks worst for sales to the big district heating plants and block centers. And here a growing trend to shift to cheap coal firing is helping to destroy the chances of natural gas. Gas is simply too expensive to compete with coal. If the price is set even lower it will be at DONG's expense.

"Low natural gas prices for block and district heating facilities would mean a considerable loss to the company, however, which must be covered to the extent necessary by the state or the municipalities," said the report, which also pointed out the danger of a contagious effect.

Therefore mandatory hook-ups or high taxes on coal are proposed. In the view of the committee it would be wrong from the viewpoint of the national economy to invest in conversion to coal when big investments have already been made in the natural gas network.

The government was not enthusiastic about this proposal either, BERINGSKE TIDENDE learned.

### Environmental Improvement

In the same context the committee pointed out the environmental problems involved with coal.

Widespread use of gas, on the other hand, would help improve our environment. An improvement that would otherwise cost billions to achieve.

The committee found that great progress had been made on the management side. Especially because Naturgas Syd [Southern Natural Gas] is now part of the group and DONG is being separated into an independent sales company.

The committee also dealt with the financing of the project. It did not consider a future transfer of new capital as a definite possibility.

Professor Niels Christian Nielsen stated that the project was not a normal requirement for borrowed capital.

However the committee did not think it wise to borrow abroad, but recommended Danish loans.

"It does not seem justifiable that in order to avoid the risk the natural gas project should be abandoned."

Thus foreign loans should be taken out if the project is undertaken by the state.

#### Columnist Views

Copenhagen BERLINGSKE TIDNING 10 March 1979

[Commentary by 'Monitor']

[Text] The natural gas project was the subject of a face of strong expert criticism. The criticism never reached the attention of the public. The project has a number of important principles which are founded. It has easily accounted for other public scandals. The doubts about the talents of the investor.

Natural gas from the North Sea will be sold to the state. Therefore DONG and the regional natural gas companies have time to sell the natural gas they signed a contract with in 1979 to buy, so that it reaches the consumers. It will probably result in adjustments in the natural gas project that will be made by the part of the energy minister and the state.

In reality there is reason to point out that the project is a string of public economic scandals. Among these are the examples in recent years. Among these are the examples in recent years. Among these are the examples in recent years. Copenhagen (now being sold) with the state's advance payments investigated by a judge and the state.

daily stipend payments by the unemployment funds and the administrative conditions of the funds and the Labor Directorate. In the municipal sector we can mention the financial crises in Albertslund, Tårnved and Farum and the hospital owners' contract with junior doctors.

The natural gas project is quite at home in this celebrated company. The decision to start the project in 1979 was made on a very dubious basis. For example the financial profitability of natural gas was calculated against the background of a primarily oil-based energy alternative, which even then had to be regarded as unrealistic. Although in estimating profitability, they foresaw sharply rising real energy prices, they did not take into account the shrinkage of the sales market which this kind of thing could obviously be assumed to produce. And so on.

Many independent technicians and economists issued warnings then, but they were brushed aside by the trade minister then in office (Arne Christiansen) and a majority in Folketing, while the future energy minister (Poul Nielson) continued to make light of the criticism.

The fate of the so-called B & W [Burmeister & Wain's Shipyard] report is interesting in this context. The report was prepared as part of B & W's long-range planning in the energy area in 1978.

It concluded that under optimistic assumptions, the introduction of natural gas would produce losses for the country of 2.6 billion kroner in 1977 prices until the year 2000, while using pessimistic assumptions the loss would be 47.9 billion.

It pointed to the advantage that would be achieved by selling the gas to other countries and using the money to buy other kinds of fuel, which must be seen against the background of the fact that a finished natural gas network already existed in other parts of Western Europe.

The B & W report was never made public and despite requests it was never submitted to Folketing. Rumors at the time said that then minister Ivar Norgaard in response to an inquiry from the firm advised it to mark the report classified and keep it under wraps. As we know, B & W had other problems at the time and the management was anxious to have state support in solving them.

And ever since the beginning of the project, a succession of energy ministers has deliberately swept aside any criticism of the natural gas project and of DONG. All in all Folketing has served for a long period as a kind of expediting office for DONG. When the company wanted the authority to set a special price policy in conflict with the general provisions of price legislation it got a change in the law put through in May 1982.

After that the so-called substitution principle could be used in setting prices and supposedly this would guarantee sales and finances. When it became apparent that the gas could not be sold at substitution prices, they



were abandoned in February by DONG, which then returned to a pricing system that is determined more by costs and the market.

Originally the idea of exporting natural gas as an alternative to building up a domestic natural gas network was flatly rejected. Selling the gas to power plants was called an uneconomical use of the fancy expensive fuel. After reports that the costly domestic distribution network is almost completed, they disposed of a large amount--in the beginning phase, the major part--of the sold natural gas to Sweden and West Germany.

They are considering persuading or forcing power plants, which have made big investments in converting to coal in the meantime, to switch to natural gas. As late as 6 December 1983 a large Folketing majority (only the Progressive Party voted against it) approved a Social Democratic motion supporting DONG and the natural gas project, for which the gas companies expressed their gratitude in whole-page advertisements in the middle of the election campaign.

On that occasion the energy minister gave assurances that the project would be able to generate revenues large enough to pay off its debts and pay interest on the money invested, while the former energy minister added in the words of the former DONG chairman that this was "a good and healthy project," etc.

Now what was good has suddenly turned sour. The gas cannot be sold, the project cannot operate in the black, big losses must be foreseen and drastic measures must be considered, former desires to displace oil have been abandoned, the desire to keep "Danish gas in Danish pipes" has been given up, etc.

There have been rumors of a commission court to look into the natural gas scandal for the purpose of assigning responsibility. The idea was immediately dismissed and it is also obvious that the responsibility clearly lies with former ministers and a large Folketing majority which (against Conservative and Progressive votes) approved the project and kept pursuing it in spite of all the criticism. In this context it must also be taken into account that the decision to set the project in motion was made on an extremely deficient basis and that some of the criticism was prevented in one way or another from reaching Folketing. That is how things went when the politicians decided to make the biggest Danish investment to date at the taxpayers' expense.

## Industry Complains of Costs

Copenhagen BERLINGSKE TIDENDE in Danish 6 Mar 84 Sec III p 7

[Article by Peter Kjelstrup]

The Industrial Council warned against DONG's idea of having electric plants buy the quantity of gas DONG is unable to sell. It would cost the industry at least 100 million kroner. And it would destroy competitiveness, in the view of Niels O. Gram, Industrial Council office head.

It would destroy Danish industry's competitiveness if DONG succeeds in talking the electric plants into buying natural gas at a price that is not directly loss-producing for DONG.

That is the opinion of Industrial Council office head Niels O. Gram, who estimated for BERLINGSKE TIDENDE that the extra electric cost to industry would be at least 100 million kroner a year.

"We cannot sit quietly by and let that happen," said the office head who could not imagine that the monopoly board's electricity price committee would approve electric plants purchasing expensive gas instead of cheap coal in order to produce electricity. Only so-called "necessary costs" would be approved by the committee in such a case. And according to Niels O. Gram, it is not "necessary" to pay more for energy with which to produce electricity than it costs to buy coal.

### Below the Purchase Price

Niels Gram is in no doubt that under any circumstances it would be more expensive for the electric plants to buy gas than to buy coal, even when possible future expenses for cleansing power plant smoke, as proposed in the Environmental Ministry's acid rain report, are taken into account. For otherwise DONG would have to sell the gas for less than the purchase price.

At present DONG and the electric plants have two committees that are studying the technical possibilities for firing with gas in electric plants and thus helping DONG to get rid of the purchased natural gas that the company cannot sell at a profit at this time. After this technical review has been made, the chairmen will discuss the final sales possibilities. The two committees cover the Sjaelland Elkraft area and the Jutland-Funen Elsam area.

The Industrial Council's office head on energy issues told BERLINGSKE TIDENDE that there is only one possibility for raising electricity prices by firing with natural gas and that is a direct order from Energy Minister Knud Enggaard.

"But that is where the responsibility lies," said Gram, who does not think there are legislative grounds today for having private consumers pay for the entire surplus cost of producing electricity with gas.

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CSO: 3613/94

## BRIEFS

DRILLING IN LIBYA--State oil companies in Sweden, Finland and Austria have been investigating the possibility of prospective crude oil drilling in Libya. Neste, a Finnish state oil company, has begun preliminary negotiations with respect to initiating its own search for crude oil in Libya. [Text]  
[Stockholm DAGENS NYHETER in Swedish 15 Feb 84 p 8] 8951

OIL DEPENDENCY REDUCED--The Swedish Petroleum Institute (SPI) foresees that the consumption of heating oil will continue to drop. For the period 1979 to 1987, the need for heating oil is expected to decline by 70 percent. So far, consumption has been reduced by 51 percent since 1979. Altogether, oil consumption in Sweden has declined by 38 percent since 1979 and is expected to drop by a total of 50 percent by 1987, according to SPI. [Text]  
[Stockholm DAGENS NYHETER in Swedish 15 Feb 84 p 8] 8952

CSO: 3650/128

## EFFECTS OF ACID RAIN ON FORESTS ARE SURVEYED IN STUDY

Stockholm SVENSKA DAGBLADET in Swedish 9 Feb 84 p 8

[Article by Henrik Ekman: "Acid Rain Damage Surveyed: Forests in Southwest Worst Affected"]

[Text] Acid rain-damaged forests become more common the farther south and west you travel in Sweden. Damages are also more frequent on western and southwestern slopes than elsewhere.

The preliminary result of a Forestry Board survey of suspected acid-rain damaged forests essentially agrees with the account detailed in SVENSKA DAGBLADET before Christmas.

Although this is a rather general and broad evaluation of damages, a pattern still emerges. Damages are more common in areas of the country that have been exposed to acid rain the longest.

That is not to say that the damages are caused by air pollution. That remains to be proven. Stefan Bucht, head of the Forestry Board's Protection Unit, stresses that our knowledge of the reasons is incomplete. Neither do we have any good reference material on how forests react to extreme drought, for example.

Although some place the entire blame on the last two summers' drought, the predominant opinion among experts is that air pollution also plays a part.

## Provides Symptoms

"I believe the drought to be a very important cause," said Pia Barklund, a forest disease expert with the University of Agriculture. "But, presumably, it only provides symptoms. We have seen how the fine root system on a damaged tree has withered away, reducing its capacity to absorb water, while more water than normal evaporates through the crown due to the damaged needles."

The study was made by forestry consultants in altogether 88 districts in Gotaland and Svealand. Uppsala, Sodermanland, Ostergotland, Gotland and

Vastmanland provinces were not included. The consultants tried to determine the extent of the damages and also made a more detailed investigation of three damaged areas.

"This is not an inventory," said Stefan Bucht. "We will never be able to predict how much of the forest area is damaged on the basis of this material."

However, it does serve a purpose: in providing an initial answer as to whether the "German" forest damage can be found in Sweden as well. The answer is yes.

Altogether, some 244 damaged stands were examined more closely. Of these 137 show extensive damages; more than one in ten trees are affected.

Among the Norway spruce, almost one in five trees has lost more than 60 percent of its needles or is dead.

Damages are prevalent in both medium age and older Norway spruce forests. They are more common in older stands.

Tree damage is common where the soil is healthy and relatively common primarily western or southwestern slopes.

There seems to be a somewhat larger amount of seriously damaged trees in areas more than 100 meters above sea level.

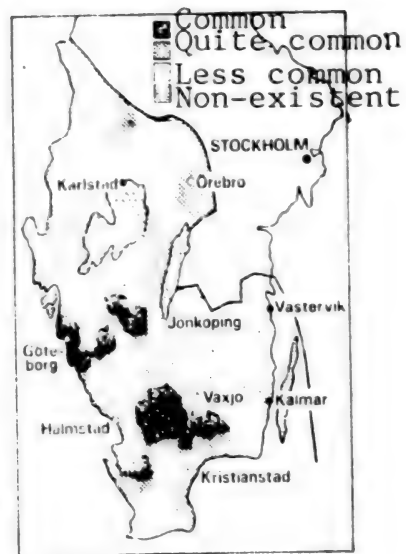
#### Damages Charted

Work is now continuing to determine the reasons for the damage. A group of 10 to 15 research workers will begin to intensively study five of the affected areas this spring.

The Forestry Board will continue to chart the extent of the damage as well. However, we cannot expect a complete inventory similar to the German model until next year at the earliest. A comparison of different methods will first be undertaken in Blekinge next fall.

However, national forest appraisers with the University of Agriculture will undoubtedly take a look at the damage this summer within their regular testing areas in southern and central Sweden.

But that will not give us a reliable picture of the extent of the damages. The information will be too sparse, even if all 14,000 trees were examined.



The preliminary results of the Forestry Board's survey of suspected acid rain damage on forests shows the most extensive damage to be in southern and western portions of Sweden.

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## PAPER URGES MEASURES TO SAVE FORESTS FROM POLLUTION DAMAGE

Stockholm DAGENS NYHETER in Swedish 16 Feb 84 p 2

[Editorial by Olle Alsen: "Forest Suicide"]

[Text] The death of our forests is evading us--can we evade the death of our forests? Since 110 forestry consultants in twelve mostly southern provinces were sent out to examine three damaged stands each and, to the Forestry Board's fright, found that approximately every tenth tree was seriously damaged, a national alarm has been sounded.

Some have concluded that if every one hundredth tree in our forests is being destroyed by acid rain or something else--usually counting only Norway spruce and pine; deciduous trees are generally considered scrap--that is equivalent to an annual loss of almost 500 million kronor. Is the National Federation of Swedish Farmers (LRFS) aware of a law that covers forest harvest damages?

No wonder that the shock of dying forests, which has affected West Germany in particular (as usual France is denying the existence of any environmental problems, as long as possible), is now also jolting Swedish forest owners as well as forest industries.

But forceful action is easier said than done. Following a crisis-meeting in Rosenbad, the so-called government action group, headed by Minister of Agriculture Birgitta Dahl, sent home seven director generals of the boards of Environmental Protection, Forestry, Agriculture, Fishing, Energy and Industry to familiarize themselves with the old material on acid raid and come back later.

In spite of that, we have managed to comply with a 10-year program established in 1976 to cut sulphur emissions in half, from 800,000 tons to 400,000 tons of sulphur dioxide, equivalent to almost half the amount of pure sulphur. But our own benefits are reduced since at most one fifth of our own sulphur emissions fall on Sweden--instead, we get most of the sulphur from England, West Germany, East Germany, Poland etc, and there emission control efforts are just beginning.



... sulphur emissions will only be reduced by a mere one  
... or before the turn of the century, unless the  
... exploding forest deaths bring about extremely  
... counter measures.

... is feasible if it were just a matter of capturing the  
... can be learned from up-to-date materials--  
... "Journal of Natural Resources," SOU 1983:56,  
... Data Committee's "Bluish Yellow Environment," or Bengt  
... "Arid Rain--the German Crisis" by the Environmental Association--  
... complicated and long-term than we are  
... like to see.

At the crisis-like forest death conference in Varnemo the other day, it was  
pointed out that sulphur emissions alone cannot explain all of the  
acidification; the interaction between sulphur and nitric oxides and ozone  
seems to be more serious. And then we need to keep in mind that automobiles  
are responsible for most of the nitric oxide emissions in Sweden! In  
contrast to sulphur, nitric oxides also originate here at home and the use  
of automobiles is undoubtedly greater in southern Sweden, where we have

... some simple and quick solutions to the problem of dying  
... there virtually are none, the so-called catalytic  
... is important in continuing to limit sulphur emissions.

... osational new theory by an Esthonian scientist is being  
... : forest damages are not due to sulphur, nitric oxides  
... the bluish soil's poor buffer quality, but the wind and the  
storms! Trees are simply drying up. Storms and wind speeds have increased  
markedly just in the last few decades; can that be the primary reason for  
our dying forests!!

... But, without a doubt, the areas most exposed  
... at higher elevations, also show the  
... the Swedish Meteorological Institute  
... considerably in the last 20 years  
... storms as before.

... phenomenon that should be studied  
... nothing to do with our dying forests. Perhaps an  
... between

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## AGENCY TO EXAMINE EMISSIONS FROM SIX AREAS OF INDUSTRY

Stockholm DAGENS NYHETER in Swedish 18 Feb 84 p 15

[Article by Anna-Maria Hagerfors: "Areas of Industry Dangerous to Environment to Be Examined"]

[Text] The Environmental Protection Board is now responding to the criticism leveled against its industrial emissions inspection. Six areas of industry with environment-sensitive production will be studied. It will also examine the guidelines for emission issued by the parliamentary Sanction Committee as well as their marginal or direct value.

"Based on the criticism leveled against inspection, we need a thorough study of industry harmful to the environment and the guidelines that apply to it," said appellate assessor Ulf Bjallas with the Environmental Protection Board.

"We will begin with a systematic study of oil refineries and the iron and steel industries. Later we will examine the cellulose, fish and chlorinated lime industries as well as waste combustion plants.

"Then we will make a thorough study of the parliamentary Concession Committee's guidelines. It does not happen that the committee establishes guidelines without regard to whether they can be enforced.

"We will also evaluate the issue of marginal or direct values as far as emissions are concerned and examine the legal consequences," said Bjallas.

The Environmental Protection Board decided to initiate the comprehensive inspection campaign based on hints from understaffed county administrations, among other things.

Generally speaking, individual enterprises actually control their own emissions. The Environmental Protection Board will now determine whether their control programs are satisfactory. Plants whose regulatory guidelines are 10 years old will be checked and so will enterprises whose control measures are antiquated as far as technical developments are concerned.

The present inspection system has been criticized on a number of points. County administrations are understaffed and are not able to determine whether individual control programs are effective.

Consulting firms do the inspection on behalf of individual companies. The frequency of these inspections varies from branch to branch. They also differ a great deal qualitatively.

The Environmental Protection Board's campaign also includes a decision about environmentally hazardous waste and methods of analysis and testing in various branches of industry.

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TESTING OF HAZARDOUS WASTE MATERIALS TO BE IMPROVED

Stockholm DAGENS NYHETER in Swedish 18 Feb 84 p 15

[Article by Anna-Maria Hagerfors: "Permanent Testing Sites for Hazardous Waste Materials"]

[Text] Swedish Environmental Testing, Inc., may soon be established to control hazardous emissions and other pollutants, either in the form of national testing sites, like Swedish Automobile Testing, or by authorizing a number of existing laboratories to perform uniform inspections of environmentally sensitive plants.

Appellate Judge Bengt Eliasson is presently studying the pros and cons of the two possible control methods on behalf of the Department of Agriculture.

"The idea is that enterprises would continue to be responsible for controlling their own pollution. A national testing and analysis operation would assume the work performed today by a large number of consulting laboratories," said Eliasson.

"The disadvantage of the present system is that a large number of consulting laboratories compete with one another and use different measuring techniques. This makes it very difficult for county administrations to effectively determine whether the guidelines concerning emissions and other pollutants are being followed.

"By using national testing sites or authorized laboratories we would have uniform measuring techniques, which would also be facilitated by the Environmental Protection Board's efforts to make industrial control programs more uniform and unambiguous," said Eliasson.

His evaluation of the pros and cons of Swedish Environmental Testing versus authorized laboratories is expected shortly. The Environmental Protection Board is also expected to render an opinion regarding this in the days to come.

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